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3 April 1958

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CENTRAL INTELLIGENCE BULLETIN



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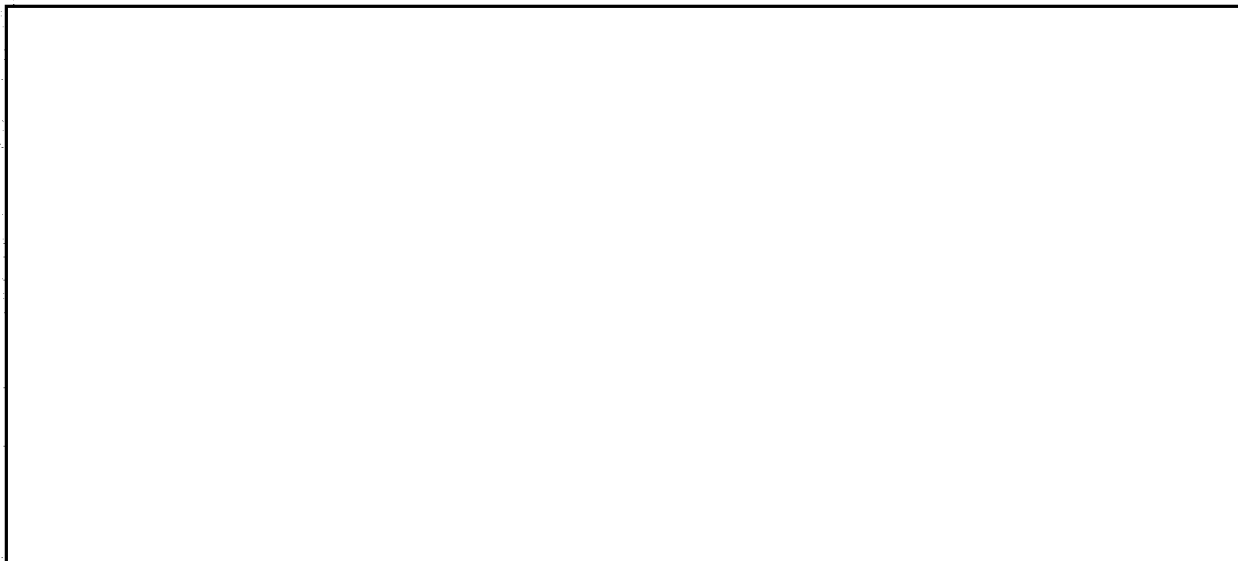
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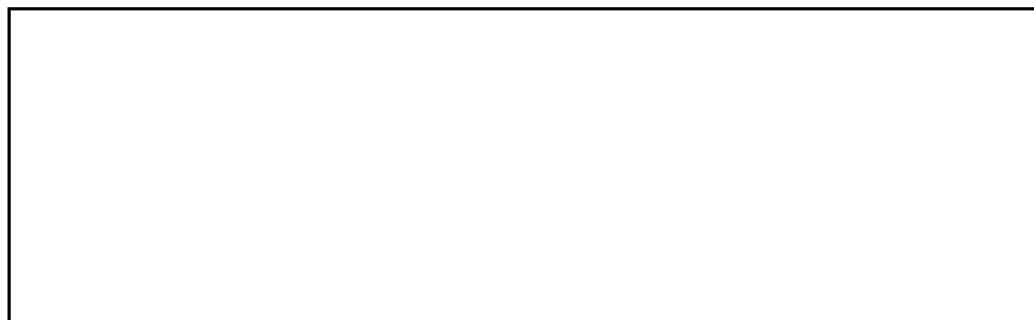
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DAILY BRIEF



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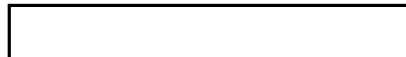
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yes

USSR-West Germany: As part of its campaign against the equipment of West German forces with modern weapons, Soviet officials have stated informally that the recent Bundestag decision to acquire nuclear armaments makes completion of the trade and repatriation agreement with Bonn virtually impossible. The presence of Khrushchev,

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Kozlov, and Gromyko in Budapest for the ceremonies commemorating the "liberation" of Hungary from the Nazis suggests that the bloc may take this occasion to issue a strong statement warning against the threat to European security arising from the nuclear armament of West

25X1A Germany. [REDACTED]

No Yugoslavia: The announcement that Tito will visit Gomulka late this spring--the result of a long-standing invitation--comes only five days after his talks with Hungary's Kadar and is a continuation of his efforts to extend his influence in Eastern Europe. Tito probably hopes this announcement will elicit a stand from the still silent Sino-Soviet bloc on the Yugoslav Communist party congress this month and its controversial program.

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II. ASIA-AFRICA

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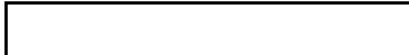
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Japan-Taiwan: Nationalist China has apparently rejected a Japanese proposal which would have deferred a showdown on the Communist flag issue until after the Japanese national elections which are expected this spring. While both sides remain willing to discuss a solution, Taipei continues to demand Tokyo's early assurance that the Chinese Communist flag will not fly over a projected trade mission in Japan. Peiping has accused Japan of blocking enforcement of the recent private trade agreement. [redacted] (Page 4)

ok

Kashmir: UN representative Graham's latest report on Kashmir, scheduled for release today, will probably stimulate mutual recriminations by both Pakistan and India,

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[redacted]

but is unlikely to result in any material change in the situation. Indian officials, including Nehru and Krishna Menon, have been unusually firm of late in stating that Kashmir is an integral part of India. Pakistan is in no position seriously to threaten India's hold on most of the state. Each side may also use recently publicized shooting incidents on the East Pakistan-Indian frontier to show the "aggressive" intentions of the other. [REDACTED]

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III. THE WEST

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yes
Spain: Strikes, which are primarily economic but appear to have some anti-Franco political overtones, have been resumed in some of the Asturias coal mines, and there are signs that the walkouts may be spreading. Extension of strikes to key sectors of the economy would probably intensify the present inflation and aggravate political tensions within the regime. [REDACTED]

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I. THE COMMUNIST BLOC

Soviet Campaign Against West German Armament Policy

An intensified Soviet campaign against the equipment of West German forces with modern weapons appears to be developing in the wake of Foreign Minister Gromyko's speech to the Supreme Soviet which included a strong attack on Bonn's policy. The Bonn Foreign Ministry reports that the Soviet position has stiffened considerably during the last week in the trade and repatriation negotiations, and that the Russians have stated informally that the Adenauer government's denunciation of the USSR during the recent Bundestag debate and the decision to arm West German forces with atomic weapons make agreement virtually impossible.

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[redacted]

The presence of Premier Khrushchev, First Deputy Premier Kozlov, and Foreign Minister Gromyko in Budapest for ceremonies commemorating the "liberation" of Hungary from Germany in World War II suggests that the bloc may issue a strong statement warning against the threat to European security arising from Bonn's policy. Czechoslovakia sent such a warning in a memorandum to the United States and various European countries on 1 April. Another possible move would be a Warsaw Pact conference to threaten countermeasures in Eastern Europe. [redacted]

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Japanese Fail to Placate Nationalist China

Nationalist China apparently has rejected a proposed Japanese solution of the Communist flag issue. Peiping's simultaneous criticism of Tokyo's failure to accept the trade agreement has clearly increased the dilemma of the Kishi government, which is expected to face elections this spring.

Chinese Nationalist Foreign Minister Yeh on 1 April informed the Japanese that his government could not accept postponement until after the Japanese elections of a showdown on whether Peiping's projected trade mission can fly the Communist flag in Tokyo. Yeh said his government wanted unequivocal assurance that the Japanese would prevent the flag from flying. He added that Taipei is prepared to sever diplomatic relations if necessary.

Peiping, irritated by Tokyo's indecision on the flag issue, broke its silence at the opening of a Japanese trade fair in Wuhan on 1 April when the vice chairman of Communist China's International Trade Promotion Association accused Tokyo of blocking implementation of the recent private trade agreement between Communist China and Japanese trade representatives.

Kishi may attempt to obtain Peiping's agreement to put off flying the flag, but Communist China hopes to drive as wide a wedge as possible between Tokyo and Taipei and probably would reject such a proposal.

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Increased Indo-Pakistani Friction Over Kashmir Likely
In Immediate Future

The latest report on the Kashmir situation submitted to the Security Council by UN representative Graham stresses the need for direct negotiations between India and Pakistan to reaffirm the integrity of the cease-fire line, prepare an atmosphere favorable to further talks, consider the stationing of UN troops in Pakistani-held Kashmir, and reach some agreement regarding a plebiscite in the state. Pakistan has accepted all these points in principle, while India has rejected all but one on the grounds that they evade the issue and tacitly condone Pakistani aggression in Kashmir. Pakistan will almost certainly call the attention of the Security Council to this record.

The attitudes of the two countries toward Graham's mission indicate that renewed bitterness over Kashmir will arise as soon as Graham's report is published on 3 April. Probably in preparation for this event, Indian officials, including Nehru and Krishna Menon, have during the past several months taken an unusually firm stand on the Kashmir question. They have made it abundantly clear that India has no intention whatever of giving up any territory it now holds or of abandoning the very considerable investment it has made in Kashmir. Pakistan, which holds no high cards in the game, has little recourse except to threaten a solution by "other means"--a threat usually interpreted as implying the use of force.

Other existing points of friction between the two countries include recent border clashes, the canal waters dispute, India's 30 March announcement that it had begun to construct a large new canal system which would eventually draw off even more water from Pakistan, and the controversy over arms build-ups in both countries. [REDACTED]

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Spanish Coal Mine Strikes Assuming Some
Political Overtones

The strike of 6,000 workers reported on 28 March in a new area of the Asturias coal mines, and the two-week walkout earlier in March which affected up to 30,000 miners in the same region, are motivated basically by the rising cost of living but seem to some extent attributable to hostility to the Franco regime. The Madrid police on 30 March announced the arrest of 11 persons on charges of being Communists and fomenting the Asturias strikes.

According to syndicate stewards, the men walked out because they were "sick and tired of 20 years of Franco." Reports that the workers were using anti-Franco slogans are said to have led local army headquarters to recommend the use of force and spurred officials to search houses for firearms and dynamite.

About 30,000 workers are currently on strike in Barcelona, and the San Sebastian area is experiencing walkouts involving several thousand more. Seville shipyard workers are restive, the police are expecting labor trouble in Pamplona, and a general strike is rumored planned for Bilbao this month. Prolonged or widespread stoppages in either the transportation or industrial sector would probably intensify present inflationary pressures as well as the political tensions among the various factions of the Franco regime.

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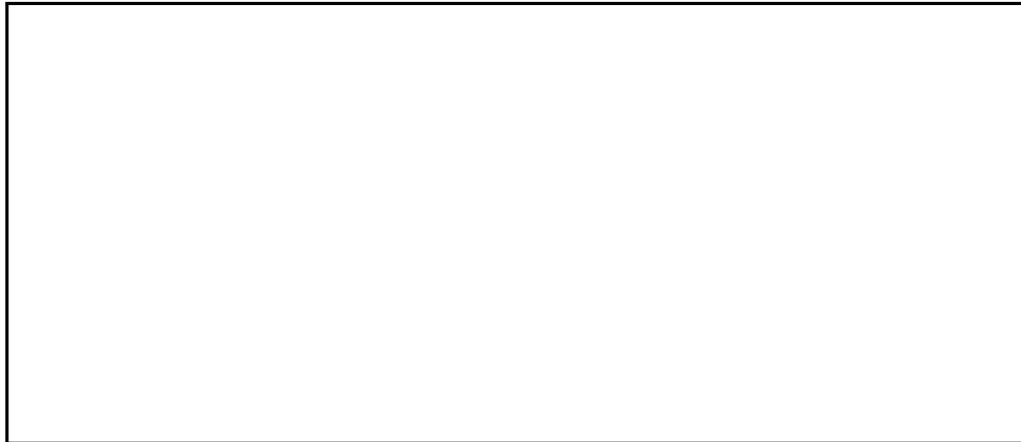
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